
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 502-8680

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COMMISSION ISSUES STANDARD RULE FOR SMALL GENERATOR INTERCONNECTION; ACTION WILL FACILITATE NEEDED INFRASTRUCTURE DEVELOPMENT

The Federal Energy Regulatory Commission today issued standard procedures for the interconnection of generators no larger than 20 megawatts – a move that removes barriers to the development of needed infrastructure by reducing interconnection uncertainty, time and costs. In light of the importance of the rulemaking, the Commission has designated it as Order No. 2006.

Today's rule will help preserve grid reliability, increase energy supply, and lower wholesale electric costs for customers by increasing the number and types of new generators available in the electric market, including development of non-polluting alternative energy resources, the Commission said.

The rule reflects input from a broad-based group of utilities, small generators, state commission representatives, and other interested entities who came together to recommend a unified approach to small generator interconnection. This rule reflects many of these consensus positions as well as those of the National Association of Regulatory Utility Commissioners (NARUC). The rule harmonizes state and federal practices by adopting many of the best interconnection practices recommended by NARUC. It should help promote consistent, nationwide interconnection rules for small generators, the Commission said.

FERC Chairman Pat Wood, III said: "Today's rule takes us a step closer to truly non-discriminatory, competitive bulk power markets. Advances in technology have led to a growing industry of small power plants that offer economic and environmental benefits. Standardization of interconnection practices across the nation will lower costs for small generators, help ensure reliability, and help ensure reasonably-priced electric service for the nation's wholesale power customers."

The rule directs public utilities to amend their Order No. 888 open access transmission tariffs to offer non-discriminatory, standardized interconnection service for small generators.

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The amendments should include a Small Generator Interconnection Procedures (SGIP) document and a Small Generator Interconnection Agreement (SGIA).

The SGIP contains the technical procedures that the small generator and utility must follow in the course of connecting the generator with the utility's lines. The SGIA contains the contractual provisions for the interconnection and spells out who pays for improvements to the utility's electric system, if needed to complete the interconnection.

The rule applies only to interconnections with facilities already subject to the jurisdiction of the Commission; the Commission emphasized that it does not apply to local distribution facilities.

In July 2003, the Commission issued a final rule for facilities larger than 20 megawatts (Order No. 2003). At that time, the Commission proposed the rule for small generators. Approximately 70 entities commented on the proposed rule; they generally supported the Commission's efforts to remove barriers to the development of small generators.

The final rule, *Standardization of Small Generator Interconnection Agreements and Procedures*, is effective 60 days after its publication in the Federal Register. Regional transmission organizations (RTOs) and independent system operators (ISOs) have an additional 90 days to comply.